

*B*usiness Plan for Small Service Firms



Management

and

Planning

Series

Building America's Future

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INTRODUCTION

A business plan can provide the owner-manager or prospective owner-manager of a small service firm with a pathway to profit. This publication is designed to help an owner-manager develop a business plan.

To profit in business, you need to consider the following questions, among others: What business am I in? What services do I provide? Where is my market? Who will buy the services? Who is my competition? What is my sales strategy? What merchandising methods will I use? How much money is needed to operate my firm? How will I get the work done? What management controls are needed? How can they be carried out? When should I revise my plan? Where can I go for help?

No one can answer such questions for you. As the owner-manager you must answer them as you draw up your business plan. This publication is a combination of text and work spaces to record the information you gather in developing your business plan.

A Note on Using This Publication

It takes time, energy and patience to draw up a satisfactory business plan. Use this publication to get your ideas and the supporting facts down on paper. Above all, make needed changes on these pages as your plan unfolds.

Bear in mind that anything you leave out of the picture will create an additional drain on your money when it crops up later. If you leave out or ignore enough items, your business is headed for disaster.

Keep in mind, too, that your final goal is to put your plan into action. More will be said about this near the end of this publication.

What's in This for Me?

You may be thinking, Why should I spend my time drawing up a business plan? What's in it for me? If you've never drawn up a plan before, you are right in wanting to hear about the possible benefits before you do your work.

A business plan offers at least five benefits. You may find others as you make and use the plan.

The first, and most important, benefit is that a plan gives you a path to follow. A plan with goals and action steps allows you to guide your business through turbulent economic seas and into harbors of your choice. The alternative is drifting into "any old port in a storm."

Second, a plan makes it easy to let your banker in on the action. Reading or hearing the details of your plan will furnish a lender with real insight into your situation.

Third, a plan can be a communications tool when you need to orient sales personnel, suppliers and others to your operations and goals.

Fourth, a plan can help you develop as a manager. It can give you practice in thinking about competitive conditions, promotional opportunities and situations that seem advantageous to your business. Such practice over a period of time can help increase an owner-manager's ability to make adjustments.

Fifth, a sound plan tells you what to do and how to do it to achieve the goals you have set for your business.

Why Am I in Business?

Many enterprising Americans are drawn into starting their own business by the possibilities of making money and being their own boss. But the long hours, hard work and responsibilities of being the boss quickly dispel any preconceived glamour.

Profit is the reward for satisfying consumer needs. But it must be earned. Sometimes a new business might need two years before it shows a profit.

What then are the other reasons for having your own business? For some, satisfaction comes from serving their community. They take pride in serving their neighbors and giving them quality work that they can stand behind. For others, their business offers them a chance to contribute to their employees' financial security.

There are as many rewards and reasons for being in business as there are business owners. Why are you in business?

What Business Am I In?

In making your business plan, the first question to consider is, What business am I really in? At the first reading this question may seem silly. "If there is one thing I know," you say to yourself, "it is what business

I'm in." Hold on and think. Some owner-managers have gone broke and others have wasted their savings because they did not define their businesses in detail.

Consider this example. Joe Riley had a small suburban radio and television store. He thought of his business as a retail store, although he also serviced and repaired anything he sold. As his suburb grew, appliance stores emerged and cut heavily into his sales. However, there was an increased call for quality repair work.

When Mr. Riley reconsidered his situation, he decided that he was in the repair business. As a result, he profitably built up his repair business and contracted with one of the appliance stores to perform service and repairs.

Decide what business you are in and write your answer in the following spaces. To help you decide, think of the answers to questions such as, What parts and materials must you keep on hand? What services do you offer? What services do people ask for that you do not offer? What is it you are trying to do better, more of or differently from your competitors?

MARKETING

When you have decided what business you're in, you have made your first marketing decision. Now you are ready for other important considerations.

Successful marketing starts with the owner-manager. You have to know your service and the needs of your customers.

The narrative and work blocks that follow are designed to help you work out a marketing plan for your firm. The blocks are divided into three sections: (1) determining sales potential, (2) attracting customers and (3) selling to customers.

Determining Sales Potential

In the service business, your sales potential will depend on the area you serve. How many customers in this area will need your services? Will your customers be industrial or commercial clients, consumers or all of these?

When picking a site for your business, consider the nature of your service. If you pick up and deliver, you will want a site where the travel time will be low. If customers must come to your place of business, the site must be conveniently located and easy to find.

You must pick the site that offers the best possibilities of being profitable. Consider the following questions:

What is the population and its growth potential?

What is the income, age and occupation of the population?

Are there a number of competitive services in and around your proposed location?

Are there local ordinances and zoning regulations that would apply to your business?

What type of trading takes place in the area (commercial, industrial, residential or seasonal)?

For additional help in choosing an area, you might try the local chamber of commerce and the manufacturer and distributor of any equipment and supplies you will be using.

You will want to consider the next list of questions in picking the specific site for your business.

Will customers come to your place of business?

How much space do you need?

Will you want to expand later on?

Do you require any special features in lighting, heating or ventilation?

Is parking available?

Is public transportation available?

Is the location conducive to drop-in customers?

Will you pick up and deliver?

Will travel time be excessive?

Will you prorate travel time to service calls?

Would a location close to an expressway or main artery cut down on travel time?

If you choose a remote location, will savings in rent offset the inconvenience?

If you choose a remote location, will customers be able to locate your business readily?

Will the supply of labor be adequate and the necessary skills available?

What are the zoning regulations of the area?

Will there be adequate fire and police protection?

Will crime insurance be needed and available at a reasonable rate?

I plan to locate in _____ because

Also consider these questions:

Is the area in which you plan to locate supported by a strong economic base? For example, are nearby industries working full time? Only part time? Did any industries go out of business in the past several months? Are new industries scheduled to open in the next several months?

Write your opinion of the area's economic base and your reasons for this opinion here:

Will you build? _____ What are the terms of the loan or mortgage?

Will you rent? _____ What are the terms of the lease?

What is the competition in the area you have picked?

How many nearby firms handle your same service?

Does the area appear to be saturated? _____

How many of these firms look prosperous? _____

Do they have any apparent advantages over you? _____

How many look as though they're barely getting by?

How many similar services went out of business in this area last year? _____

Can you find out why they failed? _____

How many new services opened up in the last year?

How much do your competitors charge for your same service? _____

Which firm or firms in the area will be your biggest competition? _____

List the reasons for your opinions here.

Attracting Customers

When you have a location in mind, you should work through another aspect of marketing. How will you attract customers to your business? How will you pull customers away from your competition?

Many small service firms find competitive advantages in how they attract customers. The ideas they develop are as good as, and often better than, those that large companies develop with hired brains. The work blocks that follow are designed to help you think about image, pricing, customer service policies and advertising.

Image

Whether you like it or not, your service business is going to have an image. The way people think of your firm will be influenced by the way you conduct your business. If people come to your place of business for your service,

the cleanliness of the floors, the manner in which customers are treated and the quality of your work will help form your image. If you take your service to the customer, the conduct of your employees will influence your image. Pleasant, prompt and courteous service before and after the sale will make satisfied customers.

You can control your image. Whatever image you seek to develop, it should be focused enough to promote in your advertising. For example, "service with a smile" is an often-used image.

Write what image you want customers to have of your business.

Pricing

In setting prices for your service, consider these four main elements: (1) materials and supplies, (2) labor and operating expenses, (3) planned profit and (4) competition.

Further in this publication you will have the opportunity to figure out the specifics of materials, supplies, labor and operating expenses. From there you may want the assistance of your accountant in developing a price structure that will be fair both to the customer and to you. This means that you must not only cover all expenses but also allow enough margin to make a profit.

One other thing to consider. Will you offer credit? Most businesses use a credit card system. If you use a credit card system, what will it cost you? Can you add to your prices to absorb this cost?

Some trade associations have a schedule for service charges. Check with the trade association for your line of business. Their figures will make a good measuring stick to ensure that your prices are competitive.

And, of course, your prices must be competitive. You've already found out your competitors' prices. Keep these in mind when you are working with your accountant. If you will not be able to make an adequate return, now is the time to find it out.

Customer Service Policies

Customers expect certain services or conveniences, such as parking. These services may be free to the customer, but not to you. If you do provide parking, you either pay for your own lot or share the cost of a lot with other businesses. Since these conveniences will be an expense, plan for them.

Will you provide a warranty or guarantee on your work? A typical service warranty is 30 days on parts and 90 days on labor; this means that you will correct any problems arising within a specified time frame following performance of a service at no charge. The time frame can vary depending on the kind of service you provide. A warranty tells customers you want them to be satisfied with the work of your company.

List the services that your competitors provide customers.

Now list the services that you will provide your customers.

Service	Estimated cost
<hr/>	\$ <hr/>
<hr/>	\$ <hr/>
<hr/>	\$ <hr/>
<hr/>	\$ <hr/>

Advertising

Consider advertising last, after you have determined your image, price range and customer services. Only then are you ready to tell prospective customers why they should use your services.

When advertising dollars are limited, it is vital that your advertising be on target. Before you can consider how much money you can afford for advertising, take time to determine your advertising goals. The work blanks that follow should help.

The strong points about my service business are

My service business is different from my competition in the following ways:

My advertising should tell prospective customers the following facts about my business and services:

Determine the target audience for your advertising. The audience will be those people who are most likely to use your services. Describe your customers in terms of age, sex, occupation and whatever else is necessary, depending on the nature of your business. This is your customer profile. For example, an automobile repair business may have a customer profile of "automobile owners, 18 years of age and older." Anyone over 18 who owns a car is part of the target audience.

The customer profile for my business is

Now you are ready to think about the form and costs of your advertising. You are looking for the most effective means to tell your story to those most likely to use your service. Ask the local media (newspapers, radio and television, and direct mail printers) for information about the services and results they offer.

How you spend advertising money is your decision, but don't fall into the trap that snares many service firms. One consultant described as amazing the way many managers consider themselves experts on advertising copy and media selection even though they have *no* experience in these areas. Seek professional advice on how to advertise.

Use the Advertising Workblock to determine what advertising is needed to sell your strong points to prospective customers.

When you have a figure on what your advertising costs will be for the next twelve months, check it against what similar businesses spend. Trade associations and other organizations often gather data on advertising expenses as an operating ratio (expenses as a percentage of sales). If your estimated cost for advertising is substantially higher than the average for your line of service, take a second look. No single expense item should be allowed to get way out of line if you want to make a profit. Your task in determining how much to spend for advertising comes down to answering the question, How much can I afford to spend and still do the job that needs to be done?

Advertising Workblock

Form of advertising	Size of audience	Frequency of use		Cost of a single ad		Estimated cost
<hr/>	<hr/>	<hr/>	×	\$ <hr/>	=	\$ <hr/>
<hr/>	<hr/>	<hr/>	×	\$ <hr/>	=	\$ <hr/>
<hr/>	<hr/>	<hr/>	×	\$ <hr/>	=	\$ <hr/>
<hr/>	<hr/>	<hr/>	×	\$ <hr/>	=	\$ <hr/>
						Total \$ <hr/>

Selling to Customers

To complete your work on marketing, think about what you want to happen after you get a customer. Your goal is to provide your service, satisfy the customer and put money into the cash register.

One-time customers can't do the job. You need repeat customers to build a profitable annual sales volume. When someone returns for your service, it is probably because he or she was satisfied by a previous experience. Satisfied customers are the best form of advertising.

If you previously decided to work only for cash, take a hard look at your decision. Americans like to buy on credit. Often a credit card, or other system of credit and collections, is needed to attract and hold customers.

Based on this description and the dollar amount of business you intend to do each year, fill in the following workbooks.

Fixtures and Equipment

Whether customers come to your place of business or you go to them, you will need certain equipment and furniture

to perform your service. List that equipment and its cost in the following blanks:

Type of equipment	Number needed	×	Unit cost	=	Cost
			\$		\$
			\$		\$
			\$		\$
			\$		\$

Parts and Materials

You will probably need certain parts or materials to provide your service. List their cost here and fill in the Supplier/Delivery Workbook below.

Item	Amount needed for 12 months	Unit cost	Cost
		\$	\$
		\$	\$
		\$	\$
		\$	\$

Supplier/Delivery Workbook

Name of item	Name of supplier	Address of supplier	Discount offered	Delivery time*	Freight costs**	Fill-in policy***

*How many days or weeks does it take the supplier to deliver the parts and materials to you?

**Who pays—you or the supplier? (This cost can be a big expense item.)

***What is the supplier's policy on fill-in orders? Do you have to buy a gross, a dozen or only two or three items?

How long does it take to deliver to you?

Before you make any supply arrangements, examine the supplier's policy for outmoded equipment. This can be a vital factor in service parts purchasing. You should also look at the supplier's warranty policy.

Insurance

Will your employees be covered by a fidelity bond? This is particularly important when they perform services off your premises, and should be considered in planning your property and liability insurance needs. Advertising "bonded workers" conveys a message that your firm is honest and reliable.

Overhead

List the overhead items you will need. Examples include rent, utilities, a stock control system, office help, insurance, interest, telephone, postage, accountant services, payroll taxes and licenses or other local taxes. If

you plan to hire others to help you manage, their salaries should be listed as overhead.

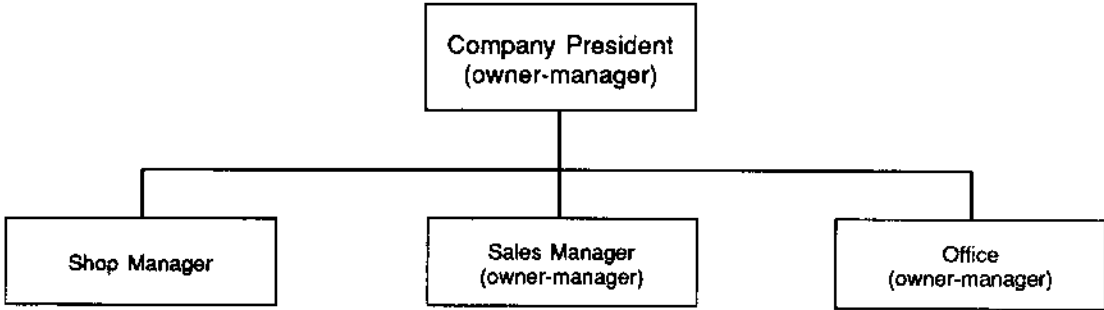
Overhead Items	Unit cost

GETTING THE WORK DONE

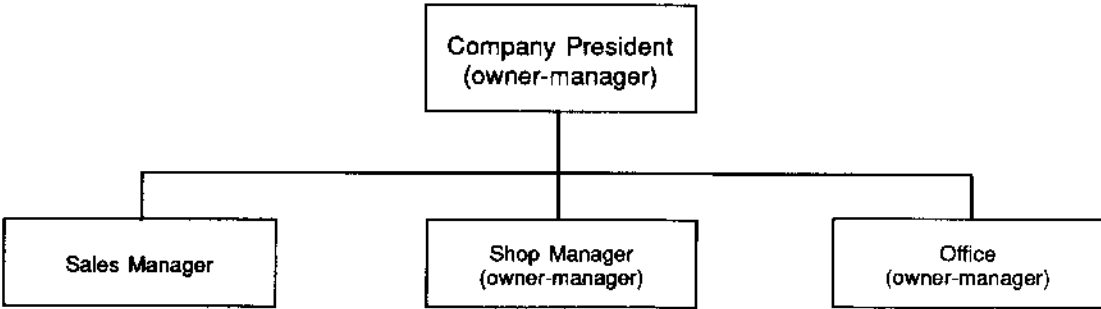
An important step in setting up your business is to find and hire capable employees. You must train them to work together to get the job done. Then, as your organization grows, you have to delegate work, responsibility and authority. Organization becomes essential because you as the owner-manager cannot do all the work.

A helpful tool is an organizational chart. It shows at a glance who is responsible for the major activities of a business. Examples are given here to help you prepare an organizational chart for your business.

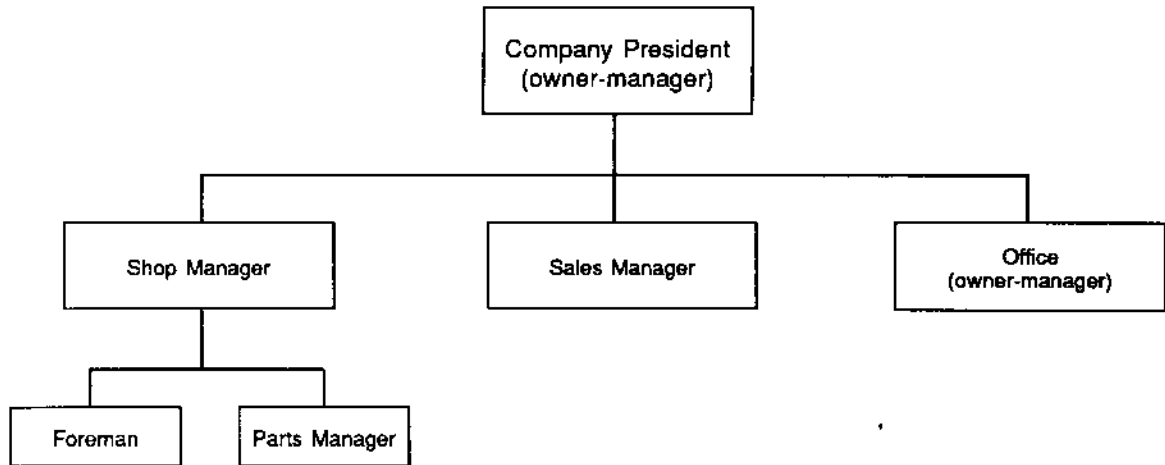
An organizational chart for a small service business will reflect the fact that the owner-manager does most of the managing. It might look like this:



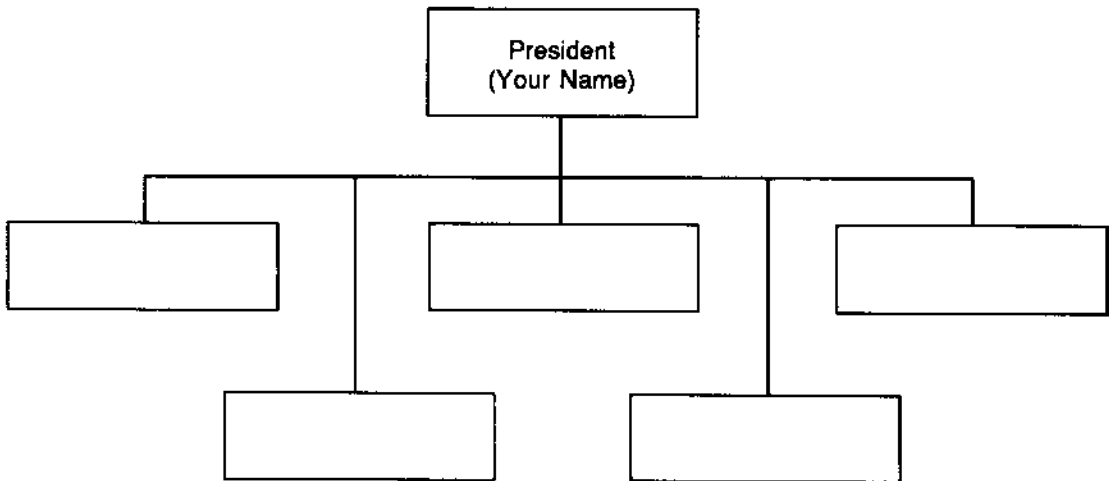
or like this:



As the service business grows, its organizational chart might look like this:



In the space below, draw up an organizational chart for your business.



To determine both what needs to be done and who will do it, list each activity that is involved in your business. Next to the activity indicate who will do it. You may do this by name or some other designation, such as "worker #1." Remember that a name may appear more than once.

Activity	Name

PUT YOUR PLAN INTO DOLLARS

This section is designed to help you think about what your business plan means in terms of dollars. The first question concerns the source of dollars. After your initial capital investment, the major source of money is the sale of your services. What dollar volume of business do you expect to do in the next 12 months? \$ _____

Start-up Costs

If you are starting a new business, list the following estimated start-up costs:

Fixtures and equipment*	\$ _____
Starting inventory	\$ _____
Office supplies	\$ _____
Decorating and remodeling	\$ _____
Installation of equipment	\$ _____
Deposits for utilities	\$ _____
Legal and professional fees	\$ _____
License and permits	\$ _____
Advertising for the opening	\$ _____
Operating cash	\$ _____
Owner's withdrawal during prep-start-up time	\$ _____
Total	\$ _____

*If you listed the cost of these items on page 6 of this publication, transfer your figures.

Expenses

In connection with your annual dollar volume of business, you need to think about expenses. For example, what will it cost you to do \$100,000 worth of business? And even more important, what will be your profit at the end of year? Never lose sight of the fact that profit is your pay. Even if you pay yourself a salary for living expenses, your business must make a profit if it is to continue year after year and pay back the money you invested in it.

The following work block is designed to help you quickly estimate your expenses. To use this formula, you need to get only one figure—the cost of sales figure for your line of business. If you don't have this operating ratio, check with your trade association.

Whether you have the funds (savings) or borrow them, your new business will have to pay back these start-up costs. Keep this in mind as you estimate expenses and other financial aspects of your plan.

	Operating Ratios			
	Example		Yours	
	%	\$	%	\$
Sales	100	\$100,000	100	\$ _____
Cost of sales	-61.7	-61.70	_____	-\$ _____
Gross profit margin	38.3	38.30	_____	\$ _____

Break Down Your Expenses

Your quick estimate of expenses provides a starting point. The next step is to break down your expenses so they can be handled over the twelve months. Use the Income Projection Statement. (See Appendix A.)

Matching Money and Expenses

A budget helps you to see the dollar amount of your expenses each month. Then from month to month the question is, Will sales bring in enough money to pay the firm's bills on time? The answer will be "maybe not" or "I hope so" unless the owner-manager prepares for the "peaks and valleys" that are part of many service operations.

Consider using the "valleys" for staff training. To stay competitive your employees must keep current on the latest technology of the service they provide. Keep a library of relevant manuals available for their reference.

A *monthly cash flow projection* is a management tool that can eliminate much of the anxiety of lean months. Developing an accurate cash flow projection helps you to determine the amount and timing of your cash requirements over a 12-month period. The SBA has created an excellent form for this purpose, which you will find in Appendix B, along with a line-by-line description and explanation of the form to help you prepare it.

Is Additional Money Needed?

Suppose at this point you have determined that your business plan needs more money than can be generated by sales. What do you do?

What you do depends on the situation. For example, you may need bank credit to tide your business over during the lean months. This loan can be repaid during the fat sales months when expenses are far less than sales. Adequate working capital is necessary for success and survival.

Whether an owner-manager seeks to borrow money for only one month or on a long-term basis, the lender needs to know the firm's financial position. Your lender will ask to see a current balance sheet. (See Appendix C.)

The *balance sheet* can be seen as an equation:

$$\text{ASSETS} = \text{LIABILITIES} + \text{OWNER'S EQUITY}$$

Assets are all resources that are owned by the business and used to further its activities. *Liabilities* are the obligations of the business entity. *Owner's equity* is the owner's claim against, or interest in, the assets. The owner's equity is the excess of assets over liabilities.

Even if you don't need to borrow money, complete a current balance sheet or have your accountant draw a "picture" of your firm's financial condition. Show your plan to the bank that handles your firm's checking account. It is never too early to build good relations with your banker, to show that you are a manager who knows where you want to go rather than one who merely hopes to make a success.

CONTROL AND FEEDBACK

To make your plan work you will need feedback. For example, a year-end profit and loss statement shows whether your business made a profit or loss for the past twelve months.

But you can't wait twelve months for the score. To keep your plan on target you need readings at frequent intervals. A profit and loss statement at the end of each month or at the end of each quarter is one type of frequent feedback. Beware of relying too heavily on the profit and loss statement. Since it only shows actual income and expenses for a given period, you may find that at certain times you have more losses than profits. To keep a balanced perspective on your business, you must continuously review and update your cash flow projection. This will help you to anticipate changing levels of income and expenses.

The record-keeping system should be set up before your business opens. Don't leave it until after you're in business; then it is too late and you may be too busy to give a record-keeping system the proper attention. The control system that you set up should give you information about stock, sales and disbursements. The simpler the system, the better. Its purpose is to give you current information and help you identify trouble spots. Outside advisers, such as accountants, can help.

Stock Control

The purpose of controlling parts and materials inventory is to provide maximum service to your customers and to see that parts and materials are not lost through theft,

shrinkage, errors or waste. Your aim should be to achieve a high turnover on your inventory. The fewer dollars you tie up in inventory, the better.

In a small business, inventory control helps the owner-manager to offer customers efficient service. The control system should enable you to determine what needs to be ordered on the basis of what is on hand, what is on order and what has been used.

In setting up inventory controls, keep in mind that in addition to the cost of inventory, there are also the costs of purchasing, receiving and storing inventory, and the cost of keeping control records.

Sales

In a small business, sales slips and cash register tapes give the owner-manager feedback at the end of each day. To keep on top of sales, answer questions such as, How many sales were made? What was the dollar amount? What credit terms were given to customers?

Disbursements

Your management controls should also give you information about the dollars your company pays out. In checking on your bills, you do not want to be penny-wise and pound-foolish. You need to know that major items, such as paying bills on time to get a supplier's discount, are being handled according to your policies. Your review system should also give you the opportunity to make judgments on the use of funds. In this manner, you

can be on top of emergencies as well as routine situations. Your system should also let you know that tax monies, such as payroll income tax deductions, are being set aside and deposited at the proper time.

Break-even Analysis

Break-even analysis is a management control device that shows how much you must sell under given conditions in order to just cover your costs with no profit and no loss.

Profit depends on sales volume, selling price and costs. Break-even analysis helps you to estimate what a change in one or more of these factors will do to your profits. To figure a break-even point, fixed costs, such as rent, must

be separated from variable costs, such as the cost of sales and the other items listed under "controllable expenses" on the Expenses Worksheet.

The break-even formula is as follows:

$$\text{Break-even point (in sales dollars)} = \frac{\text{total fixed costs}}{1 - \frac{\text{total variable costs}}{\text{corresponding sales volume}}}$$

For example, Bill Jackson plans to open a laundromat. He estimates his fixed expenses at about \$9,000 the first year. He estimates his variable expenses at about \$700 for every \$1,000 of sales.

$$\text{Break-even point} = \frac{\$9,000}{1 - \frac{700}{1000}} = \frac{\$9,000}{1 - .7} = \frac{\$9,000}{.3} = \$30,000$$

IS YOUR PLAN WORKABLE?

Stop when you have worked out your break-even point. Whether the break-even point looks realistic or way off base, it is time to make sure your plan is workable.

Reexamine your plan before you back it with money. If the plan is not workable, it is better to learn it now than to realize six months down the road you are pouring money into a losing venture.

In reviewing your plan, look at the cost figures from your breakdown of yearly expenses in your Expenses Worksheet. If any of your cost items are too high or too low, change them. You can write your changes above or

below your original entries. When you finish making your adjustments, you will have a revised projected statement of sales and expenses for twelve months.

With your revised figures work out a revised break-even point. Whether the new break-even points look good or bad, take one more precaution. Show your plan to someone who has not been involved in working out the details. Your banker, contact person at the U.S. Small Business Administration (SBA) or other advisor outside of your business may see weaknesses that you did not see. This expert may also identify strong points that your plan should emphasize.

IMPLEMENTING YOUR PLAN

When your plan is as near target as possible, you are ready to put it into action. Keep in mind that action is the difference between a plan and a dream. If a plan is not acted upon, it is of no more value than a pleasant dream that evaporates over the breakfast coffee.

Look back over your plan for things that must be done to put your plan into action. What needs to be done will depend on your situation. For example, if your business plan calls for an increase in sales, one action will be to provide funds for this expansion. Have you more money

to put into this business? Will you borrow from friends and relatives? From your bank? From your suppliers by arranging liberal commercial credit terms? If you are starting a new business, one step may be to get a loan for fixtures, employee salaries and other expenses. Another action step will be to find and hire capable employees.

In the spaces that follow, list things that must be done to put your plan into action and give each item a completion date.

Action	Completion date
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

KEEPING YOUR PLAN CURRENT

Once you put your plan into action, look for changes. They can cripple the best made business plan if the owner-manager lets them. Stay on top of changing conditions and adjust your business plan accordingly. Sometimes the change is within your company—for example, several of your employees quit. Sometimes the change is with customers whose desires and tastes shift. Sometimes the change is technological, as when new raw materials on the market create the need for new processes and procedures.

In order to adjust your plan to account for such changes, you must:

- Be alert to the changes that come in your company, line of business, market and customers.
- Check your plan against these changes periodically.
- Determine what revisions, if any, are needed in your plan and implement them.

Be sure to read the trade papers and magazines for your line of business.

APPENDIX A: INCOME PROJECTION STATEMENT

	Industry												Annual total	Annual %
	%	J	F	M	A	M	A	J	A	S	O	N	D	
Total net sales (revenues)														
Cost of sales														
Gross profit														
Gross profit margin														
Controllable expenses														
Salaries/wages														
Payroll expenses														
Legal/accounting														
Advertising														
Automobile														
Office supplies														
Dues/subscriptions														
Utilities														
Miscellaneous														
Total controllable expenses														
Fixed expenses														
Rent														
Depreciation														
Utilities														
Insurance														
Licenses/permits														
Loan payments														
Miscellaneous														
Total fixed expenses														
Total expenses														
Net profit (loss) before taxes														
Taxes														
Net profit (loss) after taxes														

INSTRUCTIONS FOR INCOME PROJECTION STATEMENT

The income projection (profit and loss) statement is valuable as both a planning tool and a key management tool to help control business operations. It enables the owner-manager to develop a preview of the amount of income generated each month and for the business year, based on reasonable predictions of monthly levels of sales, costs and expenses.

As monthly projections are developed and entered into the income projection statement, they can serve as definite goals for controlling the business operation. As actual operating results become known each month, they should be recorded for comparison with the monthly projections. A completed income statement allows the owner-manager to compare actual figures with monthly projections and to take steps to correct any problems.

Industry Percentage

In the industry percentage column, enter the percentages of total sales (revenues) that are standard for your industry, which are derived by dividing

$$\frac{\text{cost/expense items}}{\text{total net sales}} \times 100\%$$

These percentages can be obtained from various sources, such as trade associations, accountants or banks. The reference librarian in your nearest public library can refer you to documents that contain the percentage figures, for example, Robert Morris Associates' *Annual Statement Studies* (One Liberty Place, Philadelphia, PA 19103).

Industry figures serve as a useful benchmark against which to compare cost and expense estimates that you develop for your firm. Compare the figures in the industry percentage column to those in the annual percentage column.

Total Net Sales (Revenues)

Determine the total number of units of products or services you realistically expect to sell each month in each department at the prices you expect to get. Use this step to create the projection to review your pricing practices.

- What returns, allowances and markdowns can be expected?
- Exclude any revenue that is not strictly related to the business.

Cost of Sales

The key to calculating your cost of sales is that you do not overlook any costs that you have incurred. Calculate cost of sales for all products and services used to determine total net sales. Where inventory is involved, do not overlook transportation costs. Also include any direct labor.

Gross Profit

Subtract the total cost of sales from the total net sales to obtain gross profit.

Gross Profit Margin

The gross profit is expressed as a percentage of total sales (revenues). It is calculated by dividing

$$\frac{\text{gross profits}}{\text{total net sales}}$$

Controllable Expenses

- *Salary expenses*—Base pay plus overtime.
- *Payroll expenses*—Include paid vacations, sick leave, health insurance, unemployment insurance and social security taxes.
- *Outside services*—Include costs of subcontracts, overflow work and special or one-time services.
- *Supplies*—Services and items purchased for use in the business.
- *Repairs and maintenance*—Regular maintenance and repair, including periodic large expenditures such as painting.
- *Advertising*—Include desired sales volume and classified directory advertising expenses.
- *Car, delivery and travel*—Include charges if personal car is used in business, including parking, tolls, buying trips, etc.
- *Accounting and legal*—Outside professional services.

Fixed Expenses

- *Rent*—List only real estate used in the business.
- *Depreciation*—Amortization of capital assets.

- *Utilities*—Water, heat, light, etc.
- *Insurance*—Fire or liability on property or products. Include workers' compensation.
- *Loan repayments*—Interest on outstanding loans.
- *Miscellaneous*—Unspecified; small expenditures without separate accounts.

Net Profit (loss) (before taxes)	• Subtract total expenses from gross profit.
Taxes	• Include inventory and sales taxes, excise tax, real estate tax, etc.
Net Profit (loss) (after taxes)	• Subtract taxes from net profit (before taxes).
Annual Total	• For each of the sales and expense items in your income projection statement, add all the monthly figures across the table and put the result in the annual total column.
Annual Percentage	<ul style="list-style-type: none"> • Calculate the annual percentage by dividing $\frac{\text{annual total}}{\text{total net sales}} \times 100\%$ • Compare this figure to the industry percentage in the first column.

INSTRUCTIONS FOR MONTHLY CASH FLOW PROJECTION

1. Cash on hand (beginning of month)	Cash on hand same as (7). Cash position, previous month
2. Cash receipts	
(a) Cash sales	All cash sales. Omit credit sales unless cash is actually received.
(b) Collections from credit accounts	Amount to be expected from all credit accounts.
(c) Loan or other cash injection	Indicate here all cash injections not shown in 2(a) or 2(b) above.
3. Total cash receipts (2a + 2b + 2c = 3)	
4. Total cash available (before cash out) (1 + 3)	
5. Cash paid out	
(a) Purchases (merchandise)	Merchandise for resale or for use in product (paid for in current month)
(b) Gross wages (excludes withdrawals)	Base pay plus overtime (if any)
(c) Payroll expenses (taxes, etc.)	Include paid vacations, paid sick leave, health insurance, unemployment insurance, etc. (this might be 10 to 45% of 5(b))
(d) Outside services	This could include outside labor and/or material for specialized or overflow work, including subcontracting
(e) Supplies (office and operating)	Items purchased for use in the business (not for resale)
(f) Repairs and maintenance	Include periodic large expenditures such as painting or decorating
(g) Advertising	This amount should be adequate to maintain sales volume
(h) Car, delivery and travel	If personal car is used, charge in this column, include parking
(i) Accounting and legal	Outside services, including, for example, bookkeeping
(j) Rent	Real estate only (See 5(p) for other rentals)
(k) Telephone	
(l) Utilities	Water, heat, light and/or power
(m) Insurance	Coverages on business property and products (fire, liability); also worker's compensation, fidelity, etc. Exclude executive life (include in 5(w))
(n) Taxes (real estate, etc.)	Plus inventory tax, sales tax, excise tax, if applicable
(o) Interest	Remember to add interest on loan as it is injected (See 2(c) above)
(p) Other expenses (specify each)	Unexpected expenditures may be included here as a safety factor
	Equipment expended during the month should be included here (non-capital equipment)
	When equipment is rented or leased, record payments here
(q) Miscellaneous (unspecified)	Small expenditures for which separate accounts would not be practical
(r) Subtotal	This subtotal indicates cash out for operating costs
(s) Loan principal payment	Include payment on all loans, including vehicle and equipment purchases on time payment
(t) Capital purchases (specify)	Nonexpensed (depreciable) expenditures such as equipment, building, vehicle purchases and leasehold improvements
(u) Other start-up costs	Expenses incurred prior to first month projection and paid for after start-up
(v) Reserve and/or escrow (specify)	Example: insurance, tax or equipment escrow to reduce impact of large periodic payments
(w) Owner's withdrawal	Should include payment for such things as owner's income tax, social security, health insurance, executive life insurance premiums, etc.
6. Total cash paid out (5a through 5w)	
7. Cash position (end of month) (4 minus 6)	Enter this amount in (1) Cash on hand following month.
Essential operating data (non-cash flow information)	This is basic information necessary for proper planning and for proper cash flow projection. In conjunction with this data, the cash flow can be evolved and shown in the above form.
A. Sales volume (dollars)	This is a very important figure and should be estimated carefully, taking into account size of facility and employee output as well as realistic anticipated sales (actual sales, not orders received).
B. Accounts receivable (end of month)	Previous unpaid credit sales plus current month's credit sales, less amounts received current month (deduct "C" below)
C. Bad debt (end of month)	Bad debts should be subtracted from (B) in the month anticipated
D. Inventory on hand (end of month)	Last month's inventory plus merchandise received and/or manufactured current month minus amount sold current month
E. Accounts payable (end of month)	Previous month's payable plus current month's payable minus amount paid during month
F. Depreciation	Established by your accountant, or value of all your equipment divided by useful life (in months) as allowed by Internal Revenue Service

APPENDIX B: MONTHLY CASH FLOW PROJECTION

Name of business		Address		Owner		Type of business				Prepared by		Date					
Year	Month	Pre-start-up position		1		2		3		4		5		6		Total	
		Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
1.	Cash on hand (beginning of month)																1.
2.	Cash receipts																2.
	(a) Cash sales																(a)
	(b) Collections from credit accounts																(b)
	(c) Loan or other cash injection (specify)																(c)
3.	Total cash receipts (2a + 2b + 2c = 3)																3.
4.	Total cash available (before cash out) (1 + 3)																4.
5.	Cash paid out																5.
	(a) Purchases (merchandise)																(a)
	(b) Gross wages (excludes withdrawals)																(b)
	(c) Payroll expenses (taxes, etc.)																(c)
	(d) Outside services																(d)
	(e) Supplies (office and operating)																(e)
	(f) Repairs and maintenance																(f)
	(g) Advertising																(g)
	(h) Car, delivery and travel																(h)
	(i) Accounting and legal																(i)
	(j) Rent																(j)
	(k) Telephone																(k)
	(l) Utilities																(l)
	(m) Insurance																(m)
	(n) Taxes (real estate, etc.)																(n)
	(o) Interest																(o)
	(p) Other expenses (specify each)																(p)
	(q) Miscellaneous (unspecified)																(q)
	(r) Subtotal																(r)
	(s) Loan principal payment																(s)
	(t) Capital purchases (specify)																(t)
	(u) Other start-up costs																(u)
	(v) Reserve and/or escrow (specify)																(v)
	(w) Owner's withdrawal																(w)
6.	Total cash paid out (5a through 5w)																6.
7.	Cash position (end of month) (4 minus 6)																7.
	Essential operating data (non-cash flow information)																
	A. Sales volume (dollars)																A.
	B. Accounts receivable (end of month)																B.
	C. Bad debt (end of month)																C.
	D. Inventory on hand (end of month)																D.
	E. Accounts payable (end of month)																E.

INSTRUCTIONS FOR MONTHLY CASH FLOW PROJECTION

1. Cash on hand (beginning of month)	Cash on hand same as (7), Cash position, previous month
2. Cash receipts	All cash sales. Omit credit sales unless cash is actually received.
(a) Cash sales	Amount to be expected from all credit accounts.
(b) Collections from credit accounts	Indicate here all cash injections not shown in 2(a) or 2(b) above.
(c) Loan or other cash injection	
3. Total cash receipts (2a + 2b + 2c = 3)	
4. Total cash available (before cash out) (1 + 3)	
5. Cash paid out	Merchandise for resale or for use in product (paid for in current month)
(a) Purchases (merchandise)	Base pay plus overtime (if any)
(b) Gross wages (excludes withdrawals)	Include paid vacations, paid sick leave, health insurance, unemployment insurance, etc. (this might be 10 to 45% of 5(b))
(c) Payroll expenses (taxes, etc.)	This could include outside labor and/or material for specialized or overflow work, including subcontracting
(d) Outside services	Items purchased for use in the business (not for resale)
(e) Supplies (office and operating)	Include periodic large expenditures such as painting or decorating
(f) Repairs and maintenance	This amount should be adequate to maintain sales volume
(g) Advertising	If personal car is used, charge in this column, include parking
(h) Car, delivery and travel	Outside services, including, for example, bookkeeping
(i) Accounting and legal	Real estate only (See 5(p) for other rentals)
(j) Rent	
(k) Telephone	
(l) Utilities	Water, heat, light and/or power
(m) Insurance	Coverages on business property and products (fire, liability); also worker's compensation, fidelity, etc. Exclude executive life (include in 5(w))
(n) Taxes (real estate, etc.)	Plus inventory tax, sales tax, excise tax, if applicable
(o) Interest	Remember to add interest on loan as it is injected (See 2(c) above)
(p) Other expenses (specify each)	Unexpected expenditures may be included here as a safety factor Equipment expended during the month should be included here (non-capital equipment) When equipment is rented or leased, record payments here Small expenditures for which separate accounts would not be practical This subtotal indicates cash out for operating costs
(q) Miscellaneous (unspecified)	
(r) Subtotal	Include payment on all loans, including vehicle and equipment purchases on time payment
(s) Loan principal payment	Nonexpensed (depreciable) expenditures such as equipment, building, vehicle purchases and leasehold improvements
(t) Capital purchases (specify)	Expenses incurred prior to first month projection and paid for after start-up
(u) Other start-up costs	Example: insurance, tax or equipment escrow to reduce impact of large periodic payments
(v) Reserve and/or escrow (specify)	Should include payment for such things as owner's income tax, health insurance, executive life insurance premiums, etc.
(w) Owner's withdrawal	
6. Total cash paid out (5a through 5w)	
7. Cash position (end of month) (4 minus 6)	Enter this amount in (1) Cash on hand following month.
Essential operating data (non-cash flow information)	This is basic information necessary for proper planning and for proper cash flow projection. In conjunction with this data, the cash flow can be evolved and shown in the above form. This is a very important figure and should be estimated carefully, taking into account size of facility and employee output as well as realistic anticipated sales (actual sales, not orders received). Previous unpaid credit sales plus current month's credit sales, less amounts received current month (deduct "C" below)
A. Sales volume (dollars)	
B. Accounts receivable (end of month)	Bad debts should be subtracted from (B) in the month anticipated
C. Bad debt (end of month)	Last month's inventory plus merchandise received and/or manufactured current month minus amount sold current month
D. Inventory on hand (end of month)	Previous month's payable plus current month's payable minus amount paid during month
E. Accounts payable (end of month)	Established by your accountant, or value of all your equipment divided by useful life (in months) as allowed by Internal Revenue Service
F. Depreciation	

COMPANY NAME

As of _____, 19____

Assets		Liabilities	
Current assets		Current liabilities	
Cash	\$ _____	Accounts payable	\$ _____
Petty cash	\$ _____	Notes payable	\$ _____
Accounts receivable	\$ _____	Interest payable	\$ _____
Inventory	\$ _____	Taxes payable	
Short-term investments	\$ _____	Federal income tax	\$ _____
Prepaid expenses	\$ _____	State income tax	\$ _____
		Self-employment tax	\$ _____
		Sales tax (SBE)	\$ _____
		Property tax	\$ _____
Long-term investments	\$ _____	Payroll accrual	\$ _____
Fixed assets		Long-term liabilities	
Land	\$ _____	Notes payable	\$ _____
Buildings	\$ _____		
Improvements	\$ _____	Total liabilities	\$ _____
Equipment	\$ _____	Net worth (owner equity)	
Furniture	\$ _____	Proprietorship	\$ _____
Automobiles/vehicles	\$ _____	or	
		Partnership	
		(name's) equity	\$ _____
		(name's) equity	\$ _____
		or	
Other assets		Corporation	
1.	\$ _____	Capital stock	\$ _____
2.	\$ _____	Surplus paid in	\$ _____
3.	\$ _____	Retained earnings	\$ _____
4.	\$ _____		
		Total net worth	\$ _____
Total assets	\$ _____	Total liabilities and total net worth	\$ _____
(Total assets will always equal total liabilities and total net worth.)			

INSTRUCTIONS FOR BALANCE SHEET

Figures used to compile the balance sheet are taken from the previous and current balance sheet as well as the current income statement. The income statement is usually attached to the balance sheet. The following text covers the essential elements of the balance sheet.

At the top of the page fill in the legal name of the business, the type of statement and the day, month and year.

Assets

List anything of value that is owned or legally due the business. Total assets include all net values. These are the amounts derived when you subtract depreciation and amortization from the original costs of acquiring the assets.

Current Assets

- *Cash*—List cash and resources that can be converted into cash within 12 months of the date of the balance sheet (or during one established cycle of operations). Include money on hand and demand deposits in the bank, e.g., checking accounts and regular savings accounts.
- *Petty cash*—If your business has a fund for small miscellaneous expenditures, include the total here.
- *Accounts receivable*—The amounts due from customers in payment for merchandise or services.
- *Inventory*—Includes raw materials on hand, work in progress and all finished goods, either manufactured or purchased for resale.
- *Short-term investments*—Also called temporary investments or marketable securities, these include interest- or dividend-yielding holdings expected to be converted into cash within a year. List stocks and bonds, certificates of deposit and time-deposit savings accounts at either their cost or market value, whichever is less.
- *Prepaid expenses*—Goods, benefits or services a business buys or rents in advance. Examples are office supplies, insurance protection and floor space.

Long-term Investments

Also called long-term assets, these are holdings the business intends to keep for at least a year and that typically yield interest or dividends. Included are stocks, bonds and savings accounts earmarked for special purposes.

Fixed Assets

Also called plant and equipment. Includes all resources a business owns or acquires for use in operations and not intended for resale. Fixed assets, except for land, are listed at cost less depreciation. Fixed assets may be leased. Depending on the leasing arrangement, both the value and the liability of the leased property may need to be listed on the balance sheet.

- *Land*—List original purchase price without allowances for market value.
- *Buildings*
- *Improvements*
- *Equipment*
- *Furniture*
- *Automobiles/vehicles*

Liabilities

Current Liabilities

List all debts, monetary obligations and claims payable within 12 months or within one cycle of operations. Typically they include the following:

- *Accounts payable*—Amounts owed to suppliers for goods and services purchased in connection with business operations.
- *Notes payable*—The balance of principal due to pay off short-term debt for borrowed funds. Also include the current amount due of total balance on notes whose terms exceed 12 months.
- *Interest payable*—Any accrued fees due for use of both short- and long-term borrowed capital and credit extended to the business.

- *Taxes payable*—Amounts estimated by an accountant to have been incurred during the accounting period.
- *Payroll accrual*—Salaries and wages currently owed.

Long-term Liabilities

Notes payable—List notes, contract payments or mortgage payments due over a period exceeding 12 months or one cycle of operations. They are listed by outstanding balance less the current portion due.

Net Worth

Also called owner's equity, net worth is the claim of the owner(s) on the assets of the business. In a proprietorship or partnership, equity is each owner's original investment plus any earnings after withdrawals.

Total Liabilities and Net Worth

The sum of these two amounts must always match that for total assets.

The following pages provide a suggested outline of the material that should be included in your business plan. Your final plan may vary according to your needs or because of the individual requirements of your lender.

What Are the Benefits?

Every business can benefit from the preparation of a carefully written plan. There are two main purposes for writing that plan:

1. To serve as a guide during the lifetime of the business. It is the blueprint of your business and will provide you with the tools for analysis and change.
2. A business plan is a requirement if you are planning to seek a loan. It will provide potential lenders with detailed information on all aspects of your company's past and current operations and provide future projections.

Business Plan Outline

I. Cover sheet

Serves as the title page of your business plan. It should contain the following:

- Name of the company
- Company address
- Company phone number (include area code)
- Logo (if you have one)
- Names, titles, addresses, phone numbers (include area code) of owners
- Month and year your plan was issued
- Name of preparer

II. Statement of purpose

(Same as executive summary.) This is the thesis statement and includes business plan objectives. Use the key words (who, what, where, when, why, how, and how much) to briefly tell about the following:

- What your company is (also who, what, where and when).
- What your objectives are.
- If you need a loan, why you need it.
- How much you need.
- Why you will be successful.
- How and when you plan to repay your loan.

III. Table of contents

A page listing the major topics and references.

IV. The business

Covers the details of your business. Include information about your industry in general, and your business in particular. Address the following:

- *Legal structure*—Tell what legal structure you have chosen and state reasons for your choice.
- *Description of the business*—Detail your business. Tell about your history, present status and future projections. Outline your product or service in terms of marketability. Project a sense of what you expect to accomplish in the next few years.
- *Products or services*—Give a detailed description of your products from raw materials to finished items. Tell about your manufacturing process. If you provide a service, tell what it is, how it is provided and why it is unique. List future products or services you plan to provide.
- *Location*—Describe site and why it was chosen. (If location is important to your marketing plan, focus on this in the marketing section below.)
- *Management*—Describe who is behind the business. For each owner, tell about responsibilities and abilities. Support with resumes.
- *Personnel*—Who will be doing the work, why are they qualified, what is their wage, what are their responsibilities?
- *Methods of record keeping*—What accounting system will you use? Who will do your record keeping? Do you have a plan to help you use your records in analyzing your business?
- *Insurance*—What kinds of insurance will you need? What will these cost and who will you use for a carrier?
- *Security*—Address security in terms of inventory control and theft of information.

V. Marketing

Covers the details of your marketing plan. Include information about the total market with emphasis on your target market. Identify

your customers and tell about the means to make your product or service available to them.

- **Target market**—Identify characteristics of your customers. Tell how you arrived at your results. Back up information with demographics, questionnaires and surveys. Project size of your market.
- **Competition**—Evaluate indirect and direct competition. Show how you can compete. Evaluate competition in terms of location, market and business history.
- **Methods of distribution**—Tell about the manner in which products and services will be made available to the customer. Back up decisions with statistical reports, rate sheets, etc.
- **Advertising**—How will your advertising be tailored to your target market? Include rate sheets, promotional material and time lines for your advertising campaign.
- **Pricing**—Pricing will be determined as a result of market research and costing your product or service. Tell how you arrived at your pricing structure and back it up with materials from your research.
- **Product design**—Answer key questions regarding product design and packaging. Include graphics and proprietary rights information.
- **Timing of market entry**—Tell when you plan to enter the market and how you arrived at your decision.
- **Location**—If your choice of location is related to target market, cover it in this section of your business plan. (See location in the business section of this outline.)
- **Industry trends**—Give current trends, project how the market may change and what you plan to do to keep up.

VI. Financial documents

These are the records used to show past, current and projected finances. The following are the major documents you will want to include in your business plan. The work is easier if these are done in the order presented.

- **Summary of financial needs**—This is an outline indicating why you are applying for a loan and how much you need.
- **Sources and uses of funds statement**—It will be necessary for you to tell how you intend to disperse the loan funds. Back up your statement with supporting data.

- **Cash flow statement (budget)**—This document projects what your business plan means in terms of dollars. It shows cash inflow and outflow over a period of time and is used for internal planning. Cash flow statements show both how much and when cash must flow in and out of your business.
- **Three-year income projection**—A pro forma income statement showing your projections for your company for the next three years. Use the pro forma cash flow statement for the first year's figures and project the next according to economic and industry trends.
- **Break-even analysis**—The break-even point is when a company's expenses exactly match the sales or service volume. It can be expressed in total dollars or revenue exactly offset by total expenses or total units of production (cost of which exactly equals the income derived by their sales). This analysis can be done either mathematically or graphically.

NOTE: *The following are actual performance statements reflecting the activity of your business in the past. If you are a new business owner, your financial section will end here and you will add a personal financial history. If you are an established business, you will include the actual performance statements that follow.*

- **Balance sheet**—Shows the condition of the business as of a fixed date. It is a picture of your firm's financial condition at a particular moment and will show you whether your financial position is strong or weak. It is usually done at the close of an accounting period, and contains assets, liabilities and net worth.
- **Income (profit and loss) statement**—Shows your business financial activity over a period of time (monthly, annually). It is a moving picture showing what has happened in your business and is an excellent tool for assessing your business. Your ledger is closed and balanced and the revenue and expense totals transferred to this statement.

- *Business financial history*—This is a summary of financial information about your company from its start to the present. The business financial history and loan application are usually the same. If you have completed the rest of the financial section, you should be able to transfer all the needed information to this document.

VII. Supporting documents

These are the records that back up the statements and decisions made in the three main parts of your business plan. Those most commonly included are as follows:

- *Personal resumes*—Should be limited to one page and include work history, educational background, professional affiliations and honors and special skills.
- *Personal financial statement*—A statement of personal assets and liabilities. For a new business owner, this will be part of your financial section.
- *Credit reports*—Business and personal from suppliers or wholesalers, credit bureaus and banks.
- *Copies of leases*—All agreements currently in force between your company and a leasing agency.
- *Letters of reference*—Letters recommending you as being a reputable and reliable businessperson worthy of being considered a good risk. (Include both business and personal references.)

- *Contracts*—Include all business contracts, both completed and currently in force.
- *Legal documents*—All legal papers pertaining to your legal structure, proprietary rights, insurance, titles, etc.
- *Miscellaneous documents*—All other documents that have been referred to, but are not included in the main body of the plan (e.g., location plans, demographics, advertising plan, etc.).

Putting Your Plan Together

When you are finished: Your business plan should look professional, but the lender needs to know that it was done by you. A business plan will be the best indicator he or she has to judge your potential for success. It should be no more than 30 to 40 pages long. Include only the supporting documents that will be of immediate interest to your potential lender. Keep the others in your own copy where they will be available on short notice. Have copies of your plan bound at your local print shop, or with a blue, black or brown cover purchased from the stationery store. Make copies for yourself and each lender you wish to approach. Do not give out too many copies at once, and keep track of each copy. If your loan is refused, be sure to retrieve your business plan. For a more detailed explanation of each section of the business plan outline, see SBA's publication, *How to Write a Business Plan*, which includes step-by-step directions and sample sections of actual business plans. Also available from the SBA is a VHS videotape and workbook, "The Business Plan: Your Roadmap for Success."

U.S. Small Business Administration (SBA)

The SBA offers an extensive selection of information on most business management topics, from how to start a business to exporting your products.

This information is listed in *The Small Business Directory*. For a free copy write to: SBA Publications, P.O. Box 1000, Fort Worth, TX 76119.

SBA has offices throughout the country. Consult the U.S. Government section in your telephone directory for the office nearest you. SBA offers a number of programs and services, including training and educational programs, counseling services, financial programs and contract assistance. Ask about

- **Service Corps of Retired Executives (SCORE)**, a national organization sponsored by SBA of over 13,000 volunteer business executives who provide free counseling, workshops and seminars to prospective and existing small business people.
- **Small Business Development Centers (SBDCs)**, sponsored by the SBA in partnership with state and local governments, the educational community and the private sector. They provide assistance, counseling and training to prospective and existing business people.
- **Small Business Institutes (SBIs)**, organized through SBA on more than 500 college campuses nationwide. The institutes provide counseling by students and faculty to small business clients.

For more information about SBA business development programs and services call the SBA Small Business Answer Desk at 1-800-U-ASK-SBA (827-5722).

Other U.S. Government Resources

Many publications on business management and other related topics are available from the Government Printing Office (GPO). GPO bookstores are located in 24 major cities and are listed in the Yellow Pages under the "bookstore" heading. You can request a *Subject Bibliography* by writing to **Government Printing Office, Superintendent of Documents, Washington, DC 20402-9328**.

Many federal agencies offer publications of interest to small businesses. There is a nominal fee for some, but most are free. Below is a selected list of government agencies that provide publications and other services targeted to small businesses. To get their publications, contact the regional offices listed in the telephone directory or write to the addresses below:

Consumer Information Center (CIC)

P.O. Box 100
Pueblo, CO 81002

The CIC offers a consumer information catalog of federal publications.

Consumer Product Safety Commission (CPSC)

Publications Request
Washington, DC 20207

The CPSC offers guidelines for product safety requirements.

U.S. Department of Agriculture (USDA)

12th Street and Independence Avenue, SW
Washington, DC 20250

The USDA offers publications on selling to the USDA. Publications and programs on entrepreneurship are also available through county extension offices nationwide.

U.S. Department of Commerce (DOC)

Office of Business Liaison
14th Street and Constitution Avenue, NW
Room 5898C

Washington, DC 20230

DOC's Business Assistance Center provides listings of business opportunities available in the federal government. This service also will refer businesses to different programs and services in the DOC and other federal agencies.

U.S. Department of Health and Human Services (HHS)

Public Health Service
Alcohol, Drug Abuse and Mental Health
Administration

5600 Fishers Lane
Rockville, MD 20857

Drug Free Workplace Helpline: 1-800-843-4971. Provides information on Employee Assistance Programs.

National Institute for Drug Abuse Hotline:
1-800-662-4357. Provides information on preventing substance abuse in the workplace.

The National Clearinghouse for Alcohol and Drug Information: 1-800-729-6686 toll-free. Provides pamphlets and resource materials on substance abuse.

U.S. Department of Labor (DOL)
Employment Standards Administration
200 Constitution Avenue, NW
Washington, DC 20210
The DOL offers publications on compliance with labor laws.

U.S. Department of Treasury
Internal Revenue Service (IRS)
P.O. Box 25866
Richmond, VA 23260
1-800-424-3676
The IRS offers information on tax requirements for small businesses.

U.S. Environmental Protection Agency (EPA)
Small Business Ombudsman
401 M Street, SW (A-149C)
Washington, DC 20460
1-800-368-5888 except DC and VA
703-557-1938 in DC and VA
The EPA offers more than 100 publications designed to help small businesses understand how they can comply with EPA regulations.

U.S. Food and Drug Administration (FDA)
FDA Center for Food Safety and Applied Nutrition
200 Charles Street, SW
Washington, DC 20402
The FDA offers information on packaging and labeling requirements for food and food-related products.

For More Information

A librarian can help you locate the specific information you need in reference books. Most libraries have a variety of directories, indexes and encyclopedias that cover many business topics. They also have other resources, such as

- **Trade association information**
Ask the librarian to show you a directory of trade associations. Associations provide a valuable network of resources to their members through publications and services such as newsletters, conferences and seminars.
- **Books**
Many guidebooks, textbooks and manuals on small business are published annually. To find the names of books not in your local library check *Books In Print*, a directory of books currently available from publishers.
- **Magazine and newspaper articles**
Business and professional magazines provide information that is more current than that found in books and textbooks. There are a number of indexes to help you find specific articles in periodicals.

In addition to books and magazines, many libraries offer free workshops, lend skill-building tapes and have catalogues and brochures describing continuing education opportunities.

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